

**Water Quality Division Workplan
FY 2006 Report Card
Period: 7/1/05 thru 6/30/06**

DIRECTOR'S OFFICE - Data Management And Assessment Group – Great year

During FY06, several projects were completed or initiated to continue to move the division forward in managing and processing information and water data. Major improvements were made to our drinking water system (SDWIS-State) to create new management reports and to automate generation of letters for mailing to water systems, flagging missed reporting and MCL exceedances. Migration of data to the new web-based version of SDWIS-State (SSWr1) was nearly completed with expectations to complete the process by October 2006. Plans include deploying extended SSWr1 features (e.g., Drinking Water Watch, e-reporting) during FY07.

Efforts focused on expanding electronic government capabilities. Work was completed on the agency web portal to allow AZPDES permitted facilities to report DMR data using xml formats.

We plan on completing testing with the City of Phoenix to allow regular uploads of DMR data during FY07 and offering this service to other permittees. Also, major enhancements commenced for the Smart NOI system including addition of electronic signatures and e-forms to simplify and further expedite data entry for customers. The new version will be available by October 2006. Work also began to automate notification requirements and fee payments for property transfers involving onsite wastewater systems. We expect about 20,000 to 40,000 notifications annually.

Database updates were completed on the Wastewater & Compliance Tracking (WCET) system to fully automate required uploads to PCS. We are now poised to work toward meeting PCS modernization (ICIS) requirements during FY07/FY08.

The Surface Water and Groundwater Databases were enhanced to better support water quality assessments and automated data loading processes. Water quality monitoring data loading to STORET was initiated and will be completed by November 2006.

Technical support continued for GIS and GPS tools to assist staff in environmental assessments, compliance and permitting work, managing and protecting drinking water supplies, and responding to emergencies such as wildfires. Custom GIS analyses and mapping are routinely performed for programs, and AZMapper (enterprise desktop GIS) continues to expand with better functionality, providing easy access to key geospatial data. The agency launched its web-based GIS (eMAPS) allowing public access to selected agency data. Work continues to allow mapping of all facilities with major water permits on e-MAPS.

EPA Comments:

GROUND WATER SECTION

Aquifer Protection, Reclaimed Water & Drywell Activities: – Great Year

The Groundwater Section did an incredible level of work despite decreases in staff resources and reorganization. By the end of FY06, GWS staff issued: 25 individual APPs, 29 significant APP amendments, 7 clean closures, 23 Type 2 general permits, and 3 Type 3 general permits. Thirty-two other amendments to APPs were also issued. Ten APP applications were withdrawn and 3 were referred to Water Quality Compliance Section for further action. GWS issued 52 permits for reuse of reclaimed water, 1 application was withdrawn. Additionally, 3,306 drywells were registered. GWS issued 196 construction authorizations and 78 discharge authorizations of Type 4 general APPs for sewage collection systems and on-site wastewater treatment systems as well as 156 subdivision approvals. During FY06, NRO issued 87 construction authorizations, 110 discharge authorizations and 15 subdivision approvals. SRO issued 173 Type 4 discharge authorizations. Again this year, GWS struggled with loss of staff. For the first time, three licenses for individual APP actions exceeded time frames resulting in the refund of fees to the applicants.

The legislative deadline for issuing APPs to existing mining facilities was January 1, 2006. GWS issued 4 permitting decisions to existing mining facilities.

Activities related to the lawsuit filed against ADEQ for subdivision approval procedures continued. Staff responded to a time-consuming request to produce all e-mails related to the case. Efforts continue to prepare for litigation.

EPA Comments: EPA continues efforts to enforce the December 7, 1999 Class V rule for motor vehicle waste disposal wells (40 CFR part 144.88). The deadline for all existing motor vehicle waste disposal wells (MVWDW) to close, convert or otherwise cease discharge of motor vehicle fluids is January 1, 2007. Region 9's Ground Water Office will be coordinating with the ADEQ's APP group on our UIC activities, including possible inspections of MVWDWs in Arizona during FY 2007 to evaluate compliance with the MVWDW rule, and our evaluation of the proposed El Paso Natural Gas Storage project in Eloy, Arizona.

The Ground Water Office will also request information from ADEQ's APP group on Aquifer Storage and Recovery (ASR) wells in Arizona. ASR wells have recently been identified nationally as an emerging issue because of potential ground water contamination. There are two major issues with ASR projects that have occurred in other States: (1) incompatibility between the injected water and the native water contained in the aquifer may cause arsenic and other metals which had been bound in the rock to be dissolved into the drinking water supply; and (2) injection of chlorinated water may cause a build up of chlorine by-products, such as trihalomethanes in the drinking water supply.

Lake Havasu City received an FY 2006 EPA Appropriation to fund a small portion of their new wastewater treatment plant construction. According to Lake Havasu City's proposed plans, they are planning to use an ASR well, and we are evaluating it pursuant to our National Environmental Policy Act obligations for federal grants. The ASR project in Lake Havasu City has brought to our attention the fact that these types of wells may be widely used in Arizona. However, we have not received the inventory reports from owners/operators of these type of wells. The Ground Water Office will be coordinating with the APP group on these issues.

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Program Development Activities: – Great Year

During this fiscal year, GWS issued a major revision of the APP rules. The rule was approved by GRRC on September 13, 2005, and became effective on November 12, 2005. The on-site wastewater treatment system inspection program was expanded to include all transfers of property containing an on-site system. The expanded program had a delayed effective date of July 1, 2006. However, planning and coordination was needed to develop new forms and to prepare for implementation. An electronic filing system is being development for data management needs.

WQD contracted with PBS&J to review the current fees and develop the information needed to revise the fee rule. An initial draft report has been submitted.

ADEQ has decided to indefinitely postpone revision of the reclaimed water rules.

EPA Comments:

COMPLIANCE SECTION

Safe Drinking Water Monitoring Program: - Very good year

During fiscal year 2006, ADEQ focused on consolidating enforcement gains made the previous year(s), and optimizing the Safe Drinking Water Information System (SDWIS) data base used for collecting and disseminating public water system information to the EPA and public. Emphasis was placed on monitoring and ensuring compliance with NOV's, NOCs, administrative orders, and consent judgments. Consequently, 63 NOV's and 2 NOCs were closed, and 4 administrative orders were terminated.

In addition, 28 NOV's, 16 NOCs, and 7 administrative orders were issued based on field inspections and file reviews. ADEQ exceeded both the annual and 4 year drinking water inspection workplan targets.

ADEQ continued to address SNCs and exceptions as determined by EPA. The use of SDWIS/State instead of ADEQ's proprietary SDW database has been beneficial in uploading and accurately communicating data to the SDWIS/federal data base. When ADEQ began using SDWIS/State during FY 2005, there were over 700 pages of SNC-exceptions. Now there are about 350 pages due to systems returning to compliance, discussions with EPA regarding errors in uploading, and resolving problems in the database.

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Highlights of the year include the committed efforts made by the Arizona Department of Transportation (“ADOT”) and Arizona State Parks Board (“ASPB”) to achieve compliance with Consent Orders. Both agencies operate numerous PWSs around the state that are frequented by visitors and used by staff. Consent Orders entered by the two agencies cited monitoring, reporting, notification, and standards violations, and required a comprehensive approach to address deficiencies. In response, ADOT and ASPB conducted organizational restructuring and recruited additional senior level staff to meet their environmental obligations. ADEQ believes that both state agencies have made significant progress during Fiscal Year 2006 in achieving regulatory compliance at the PWSs they own and/or operate.

During Fiscal Year 2006, the Water Quality Division was reorganized to streamline operations and functions. As part of this effort, compliance assurance activities in drinking water were shifted from the Compliance Section to the Drinking Water Section.

EPA Comments:

Clean Water Act (NPDES): - Good Year

ADEQ issued a total of 93 NOVs and NOCs under the AZPDES/NPDES and APP programs during Fiscal Year 2006. ADEQ closed 52 NOVs and 12 NOCs. ADEQ issued 8 administrative orders and 1 was closed.

ADEQ met or exceeded 14 out of 19 inspection targets provided in the work plan. Due to staffing related issues, the remaining 5 targets, including inspection of AZPDES/NPDES major facilities were not met. The staffing issues were primarily in the Phoenix Field Services Unit, which lost 3 staff members during the fiscal year, resulting in completion of only 68% of its AZPDES/NPDES major inspections. During the fourth quarter of FY06, ADEQ hired one new staff member to fill one of these vacancies. Despite ADEQ’s efforts during FY06, the biosolids position remained vacant, and the CAFO Coordinator left during the first quarter of the fiscal year. ADEQ anticipates filling these vacancies and designating a pretreatment coordinator before the third quarter of FY 07.

One of the highlights in FY06 came in the Data Management Unit within the Compliance Section at ADEQ. A new Unit Manager was hired toward the end of FY06 and assisted the staff in resolving a backlog issue with entry of AZPDES permits into the PCS and WCET databases. There were approximately 41 Major and Minor AZPDES that were issued in FY05 that were not built into PCS or WCET. During the fourth quarter of FY06, ADEQ eliminated the backlog from FY05 while keeping pace with the additional permits issued in FY06. As a result, all data

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entry and creation of Discharge Monitoring Reports (“DMRs”) was current at the beginning of FY07.

During the first quarter of FY06, pursuant to a consent judgment entered in June 2005, Pima County met the \$800,000 SEP requirements and paid a \$20,000 stipulated penalty for unauthorized discharges. In addition, pursuant to an administrative order issued by ADEQ, the APS Palo Verde Nuclear Plant agreed to repair the liner system in its 80 acre water storage reservoir, which involved the expenditure of well over one million dollars. To facilitate this effort, APS began and has substantially completed construction of a 45-acre backup water storage reservoir to which water from the existing reservoir will be pumped. ADEQ is also in regular contact with APS and reviewing reports and analytical data relating to the discovery of tritium contaminated water in the sub-surface at a depth of about 12 feet at Generating Unit 3.

As previously mentioned, both ADOT and Arizona State Parks have made significant strides towards meeting compliance with the APP and AZPDES program requirements provided under their respective administrative orders. ASPB has identified all WWTPs throughout the state that require repairs, upgrading and permitting and is completing these tasks. Under the administrative order for ADOT, the permits section is drafting a state wide individual AZPDES permit (the first of its kind in Arizona) that will provide requirements for all of ADOT’s construction related activities.

During March 2006, an administrative order was entered with Far West Water and Sewer located in Yuma to address serious operational, capacity and permitting issues at one of the company’s 7 WWTP sites. Negotiations began during the fourth quarter of FY06 for another administrative order to deal with similar issues at their remaining WWTPs. ADEQ issued a Mitigation Order to Phelps Dodge requiring the company to investigate the full extent of groundwater sulfate contamination caused by its activities at the Sierrita Mine in Green Valley, and to mitigate impacts to existing private and public drinking water systems where applicable. While there is no Maximum Contaminant Level (“MCL”) for sulfate in Arizona, ADEQ reached an agreement with Phelps Dodge to insure that the drinking water in Green Valley contains sulfate levels of less than 250 mg/l. Under the Mitigation Order, Phelps Dodge was required to form a Community Advisory Group “for the purpose of identifying and improving the public’s access and understanding of information” relating to the Order and Phelps Dodge’s activities conducted in accordance with that Order.

During Fiscal Year 06, the Superior Court of Maricopa County entered a consent judgment between ADEQ and Greentown Water and Sewer Company (“Greentown”) relating to violations of the APP statutes and drinking water regulations for a residential development

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located in Coconino County. The consent judgment required Greenthaven to pay a \$90,000 penalty and comply with a schedule monitored by ADEQ which will insure that Greenthaven

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does not exceed its permitted capacity at its WWTP. Ultimately, the waste currently processed by the WWTP will be redirected to the City of Page.

Throughout Fiscal Year 06 ADEQ negotiated with Fiesta Canning to resolve its multi-media (air and water) violations. Because these issues were not resolved, a decision was made to escalate enforcement through litigation and a complaint was filed by ADEQ.

EPA Comments:

Biosolids: EPA inspected 5 California POTWs and reviewed records for 25 California POTWs that send biosolids to Arizona. ADEQ had staff from the pesticides unit working on biosolids part time to respond to complaints and answer questions, although staffing for routine inspections and record reviews was not available. The volume of biosolids used or disposed in Arizona increased during FY 2006 due to growth of sewered AZ communities and increasing shipments from CA, and may increase more significantly during FY 2007 due to the recently passed ban in Kern County.

Pesticides Program: - Good year

This year, the pesticide program started implementation of new rules that became effective November 1, 2005. The new rules involved changes in the procedures for pesticide registration. Under the new rules, the contentious aspects of the pesticide registration process were eliminated, and in the first six months, 12 new pesticide active ingredients were registered. The list of active ingredients on the Groundwater Protection List (GWPL) was pared from 220 to 58 compounds. The first annual revision of the GWPL under the new rules was undertaken, and the draft list was published in the Arizona Administrative Register for public comment. During the comment period, a petition to remove some active ingredients from the list was received, and after due consideration, 10 more active ingredients were removed from the GWPL. The final 2006 GWPL was published in the Arizona Administrative Register by July 1, 2006. This refined GWPL will translate into reductions in resource expenditures for ADEQ with respect to statutory groundwater monitoring requirements for 2006. The Department continues to work with the ADHS State Lab to develop analytical methods for the new GWPL. Sampling in FY07 will focus on the new GWPL and statewide baseline sampling.

EPA Comments:

DRINKING WATER SECTION

Ongoing Program Implementation: - Good year

The Drinking Water Section (DWS) oversees and implements a variety of continuing and changing programs to fulfill the requirements of the Safe Drinking Water Act (SDWA). These

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duties include, but are not limited to: the day-to-day application of regulations; providing customer service to the regulated community and the public; certified operator training opportunities; conducting continuing education in the form of water and wastewater workshops; coordination with WIFA for the production of the Revolving Loan Fund annual reports; producing work plans and grant applications to secure program funding; coordination with EPA Region 9 on rules, delegation and securing adequate statutory authority to implement the Drinking Water program; and various other activities necessary to support the Section's SDWA related programs. Overall program oversight is somewhat hampered by the loss of qualified

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staff. In addition, the program faces recruitment challenges as state salary ranges are below most industry, county and municipal levels.

EPA Comments:

Meeting Federal Requirements: - Good year

Rules & Primacy Issues - As stated in the last report, the DWS has revised its rule development plan. The top rulemaking priority for the DWS remains the incorporation by reference of the federal drinking water rules by reference. It has taken longer than expected to complete this rulemaking; substantial change issues necessitated the opening of a new rulemaking docket, and ADEQ, ADHS, and Region 9 negotiated how the drinking water rules related to environmental laboratories would be divided between the two state agencies. The delayed rule development schedule does have one benefit; it allows ADEQ to include the Long Term 2 Enhanced Surface Water Treatment Rule (LT2 rule) and Stage 2 Disinfectants and Disinfection Byproducts Rule (Stage 2 DBP) in the rulemaking.

Now that ADHS has worked out the rule language it will adopt in its rulemaking, ADEQ is free to move ahead with its rulemaking process, and will schedule stakeholder meetings which need to take place prior to filing a notice of proposed rulemaking. Once the omnibus incorporation by reference rulemaking is complete, it is anticipated that future rule updates will be much easier to process by both ADEQ and EPA.

On other rule fronts, ADEQ planned to revise its subdivision rules and minimum design criteria rules for public water systems. Over the past several years, the Department both held and attended stakeholder workgroup meetings around the State to discuss potential changes to the subdivision rules. Although a docket to revise the rules was initially opened in 2002 (renewed in 2004 and 2005)¹, in order to avoid the possibility of adopting conflicting or inconsistent rules, the Department decided to postpone the rulemaking, pending completion of a related rulemaking of the Arizona Department of Water Resources that is currently under review by Council staff (12 A.A.C. 15, Article 7, Assured and Adequate Water Supply.) The ongoing lawsuit regarding the department's authorities under the APP and subdivision rules has resulted in an indefinite delay of revisions to the subdivision rules.

The Department had planned on updating the minimum design criteria rules in 18 A.A.C. 5, Article 5, a few years ago. Unfortunately, the Department was forced to put this rulemaking on hold, pending progress on another related rulemaking, a fee rule for the minimum design criteria

¹ See 8 A.A.R. 2975, 7/19/02; 10 A.A.R. 1320, 4/2/04; 11 A.A.R. 5221, 12/9/05.

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program. However, the Department believes that it has been in the best interests of the public to

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wait until the design review fee rulemaking was substantially completed prior to proceeding with revisions to the design criteria rules.

The Department is now moving forward with the rulemaking to amend the rules in Article 5; a docket has been opened, and the Department held a series of internal stakeholder meetings with engineers from the Department's central, northern, and southern regional offices to discuss the minimum design criteria rules in 2004-2005. Interestingly, despite their age, these rules remain functionally adequate, in large part due to the inherent flexibility of the rules, especially R18-5-502, which is in many respects the keystone of this article.²

EPA Comments:

Ensuring proper construction, operation and maintenance of public water systems: - Great year
The Technical Engineering Unit continues to provide plan review and approval for newly proposed water systems, extensions to existing water systems, and installation of treatment facilities. Although the state's new housing market began to slow in mid-2005 and continues to slide to date, over 1,250 certificates for Approval to Construct and Certificates of Completion for approval of construction were issued during FY2006, a 20% increase over the previous record year. Based upon the current trends, we once again expect to exceed those numbers in the coming year, straining current resources. The DWS continues to provide technical consultations with water systems and consultants to assist and ensure water system construction projects will meet ADEQ requirements prior to development.

EPA Comments:

Assessing and protecting drinking water sources:

Source Water Assessment Program (SWAP) – Good year

The data collected under SWAP continues to be a very useful tool internally for the waiver program, and externally for many customers interested in their source(s) of drinking water. The transition from assessment to protection is a long-term, ongoing process. SWAP reports will be generated for new systems and existing SWAPs will be updated for systems adding new sources, as part of the development and implementation of a Source Water Protection Program.

Source Water Protection Program (SWPP) – Good year

² Minimum design criteria rule docket opening: 10 A.A.R. 3840, 9/17/04. Waterworks design review fee rule docket openings: 10 A.A.R. 3841, 9/17/04; 11 A.A.R. 320, 1/7/05; 12 A.A.R. 1179, 4/14/06.

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Nation-wide, source water protection is currently a voluntary program. Although a handful of states have mandated protection, Arizona is aligned with the majority of other states and remains a voluntary SWPP state with no authority to require systems to participate. Staff spent the first quarter of the year working with EPA Region 9, other Region 9 states and Arizona Small Utilities Association (ASUA) to develop our source water protection approach. After review of SWPPs on a national level, ADEQ revised the original plan opting to evaluate and develop system plans on a case-by-case basis driven by the ingredients contained in the ADEQ SWPP guidance document. Because the program is voluntary, progress on participation in SWPP has not been embraced. We believe this is because system resources are already stretched to the limits by implementation of current rule deadlines (e.g., the Arsenic rule) and new rules (e.g., the Stage 2 Disinfection By-Products rule). Since the EPA measures were changed to require a SWPP to be completed and implemented before being counted, this has reduced the ability for states to show any staged progression in development. Increased outreach by the Department to educate and solicit system participation shows positive acceptance. Many systems realize the benefits, are interested, and have taken the materials, but are cautious to sign up to participate at this time. We see willingness toward future participation.

Migration of the ADEQ SWAP module from the ADEQ Safe Drinking Water Database to SDWIS-State has been completed. Future enhancements to the SWAP module are planned that will address SWPP related issues. The completed SWAP reports and any SWPP developed will be used to allow water systems to qualify for vulnerability monitoring waivers.

EPA Comments:

Technical assistance and education: – Excellent year

The Drinking Water Section (DWS) reports success of the ongoing Technical Assistance (TA) program which utilizes the Master Priority List developed under the Capacity Development Program to direct assistance to those systems most in need. The evaluations identify areas of system operation and infrastructure where improvements can be made, resulting in improved compliance. The program has been expanded to include additional systems on an annual basis. Under this contract, the department awarded approximately 39 system evaluations for FY06. Many of the 39 system evaluations awarded included PWSs with a history of arsenic levels greater than 10 ppb, as a priority was given to PWSs that may have problems with meeting the new standard.

The DWS continues to expand the education program offering approximately 30 workshops each calendar year. The workshops are developed for water system owners and operators covering

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topics including new technologies and regulatory requirements. The education program is well received, attended and evaluated by stakeholders and the regulated community. Scores are routinely at the top of the scale and comments are used, in part, to direct future topics.

EPA Comments:

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Improving water system security: – Great year

The DWS continues to assist new water systems serving between 3,300 and 10,000 in completing mandatory Vulnerability Assessments (VA's). As VAs are completed, the water systems submit them to EPA. This approach was well received by the water systems. In addition, the Safe Drinking Water Information System (SDWIS) has been modified to track which water systems have completed their VA/ERP. This allows personnel to identify water systems that exceed the population threshold. These systems are then notified by the department of the requirement for vulnerability assessments and emergency response plans and, if possible, receive assistance through a technical assistance provider.

DWS efforts to raise water system awareness and preparedness for acts of terrorism and sabotage continue to be successful. Outreach efforts will begin again in calendar year 2007. Actual security breaches at water systems are infrequent. When reported to the state, DWS resources are used to assist systems in assessing impacts.

EPA Comments:

Program innovations: - Great year

Throughout FY06, numerous activities took place to upgrade and migrate over from the original 2004 SDWIS-State database to the 2006 SDWIS-State Web Release. The transition is in the final phase of testing and includes moving all previous SDWIS-State programs and modules to a more up-to-date web based version. It is expected that SDWIS-State Web Release will be online for all staff by September 18, 2006. SDWIS-State Web Release allows ADEQ to facilitate a compliance program with enhancements that include:

- electronic submittal of drinking water data;
- electronic sanitary surveys completed by inspectors;
- public review of live data and inventory from ADEQ's web site; and,
- staff review of data, inventory, and report capacity from Drinking Water Watch

Staff has been using SDWIS-State successfully for two years and are looking forward to the new capacities and programs available through SDWIS-State Web Release.

EPA Comments:

Certified Operator Program: – Great year

The DWS continues to assist operators of public water systems serving less than 3,300 with continuing education requirements. The expense reimbursement grant work plan was approved

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February 2006. One work shop was scheduled and completed for FY 2006 in Phoenix, AZ during June 2006. An additional 8 workshops are scheduled for FY 2007.

SURFACE WATER SECTION

Water Quality Standards Development: - Average year

ADEQ is behind schedule for initiating the formal rulemaking process to adopt water quality standards revisions. ADEQ did finalize antidegradation, narrative bottom deposits, and narrative biocriteria standard implementation procedures documents. ADEQ also completed a technical support document for the narrative biocriteria standard. Preliminary draft revisions to the water quality standards rules were published on the ADEQ Water Quality Standards web page in late August 2005. ADEQ held stakeholder meetings to discuss preliminary draft revisions in Phoenix, Tucson, Prescott, and Yuma in October and November 2005. Additional stakeholder meetings to discuss specific water quality standards issues related to effluent dependent waters, R18-11-113(D), net ecological benefit, narrative standards implementation procedures, and numeric water quality criteria were held in the Fall, 2005. ADEQ is currently drafting a Notice of Proposed Rulemaking to initiate the formal rulemaking process. ADEQ expects to complete the Notice of Proposed Rulemaking this Fall.

All deliverables for Wetlands 8 were completed. ADEQ published *Comparative Sediment Rating Curves for Two Gage Stations In the Upper Salt River Basin of Arizona* (October 2005) and completed a *Draft Proposal for a Physical Integrity Five-Year Research Plan for Arizona Streams and Rivers* (December 2005).

Final Report for EPA Grant No. X-828014-01-01, entitled “*An Exploration of Nutrient and Community Variables for Effluent Dependent Streams in Arizona*” was completed and submitted to EPA in January 2006.

EPA Comments:

Surface Water Monitoring Program: - Good year

Staff completed all scheduled stream monitoring in the Upper Gila River and Santa Cruz River basins as per FY 06 sample plan by June 30, 2006. There were a significant number of staff changes in the monitoring unit in FY 06 which delayed development of the FY 07 sample plan. Four of the five field staff who implement ambient water quality monitoring left in FY 06 for various reasons: retirement, transfers, medical reasons, and re-organization of the Surface Water Section. The reorganization established a new Monitoring Unit that is under new leadership and

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the hiring of replacement staff is ongoing. ADEQ will integrate scheduled FY 07 sampling in the Little Colorado River (LCR) basin with REMAP grant objectives and implement a probabilistic monitoring design in FY 07 in the LCR for the first time. Final draft of the Comprehensive Monitoring Strategy [CMS] document was delayed, in part, due to reorganization of the Surface Water Section and staff changes.

Good year for the Lakes Program, given staff turnover. FY 06 saw the loss of three (out of 5) Lakes Program staff and only one replacement staff has been hired to date. With the turnover and staff shortage, two lakes did not receive a final sampling event for sample year '06, though in both cases, these lakes have sufficient data from previous years to assess in 2006. All other deliverables were met, however, for ambient sampling in addition to EPA approval of the Lakeside Lake TMDL and completion of the Alamo Lake TMDL. Additional progress has been made on the Lake Mary Watershed TMDL and work was initiated on the Parker Canyon Lake TMDL. Data have been collected throughout the year at the new Mercury Deposition Network site in Sycamore Canyon. In addition, staff collected dry deposition data for mercury at three locations within the state. This year was not as bad as the previous year for fish kills on the Salt River reservoirs, but many urban lakes have suffered toxic algal blooms. Other achievements include: finalization of the Matrix to support interpretation of the narrative nutrient standard in lakes; participation in planning for the upcoming National Lakes Survey; and two invitations to present at national conferences.

Good Year for Priority Pollutant Program. After receiving a scientific collecting permit, the Priority Pollutant Sampling and Fish Consumption Advisory Program sampled or completed sampling of 13 sites in FY 06 with assistance from Region 9 EPA and the Arizona Game and Fish Department. Sample data are presently being analyzed and/or collated. An ADEQ implementation guidance for the proposed fish consumption standard for tissue methylmercury is presently in the final stages of development and standardization with the recently released National guidance.

EPA Comments:

Monitoring program seems on-track with various projects. The re-organization of this section does not appear to have created significant delays in productivity. To facilitate ADEQ's effort to establish their own fish sampling program, Region 9 provided an electro shocking boat and trained ADEQ staff to use the equipment. Region 9 lab has also provided analytical support to ADEQ for mercury analyses in fish tissue. Region 9 also loaned the Tekran mercury air monitoring equipment in FY06. This technical support will continue into FY07.

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We are pleased the ADEQ's REMAP project will be funded by ORD for 2 years and it will accomplish monitoring via probabilistic design as well as side-by-side sampling. ADEQ has also stepped forward to fully participate in EPA's Lakes Survey to occur in FY07.

We understand ADEQ has nearly completed the Final draft Comprehensive Monitoring Strategy; we hope to receive it in Oct. and anticipate it will stimulate more discussion and further enhancement of the state's approach to surface water monitoring. The state should utilize their strategy for planning to spend the extra 106 Monitoring Initiative monies provided by EPA in FY05 and FY06. We have forwarded the HQ memo (dated July 11, 2006) and supplemental workplan (spreadsheet) to ADEQ. We encourage the state to complete it soon in order to receive the FY06 funds. We will continue coordinate on this item.

TMDL Analyses: - Good year

It was a good year for TMDL Development, despite the expected low bean count. ADEQ submitted the Alamo Lake Mercury TMDL to EPA in June. Approval is pending the resolution of NPDES permit limit and allocation issues. The Turkey Creek Copper and Lead TMDL report and the public comment and notice periods have been completed. The report will be submitted to EPA for approval by end of September. The Lake Mary Regional Mercury TMDL has been delayed due to staff turnover. Modeling has been completed and the report is being drafted. Submission to EPA should occur by the end of calendar year '06. Modeling for the Pinto Creek site specific objective (SSO) has been completed and the new standard is being included as part of the triennial review package. Submission of the TMDL will be delayed until the SSO is adopted into rule. Sampling to determine the Mule Gulch SSO has been delayed due to low rainfall amounts and staff shortages. TMDL staff turn-over in FY06 was high, but only one vacancy remains.

The summer monsoon season of 2005 brought below normal rainfall and delayed sample collection on several projects. The 2006 monsoon season, however, has been excellent in terms of collecting data for the Queen Creek, San Pedro and Parker Canyon Lake projects. Staff installed a wet deposition collector at a northern AZ background site in April '06. EPA Region 9's Tekran atmospheric mercury concentration sampler was deployed at three sites over approximately 3 months in early 2006. Modeling efforts by ADEQ's Air Division to determine deposition rates are ongoing. New projects initiated include Cave Creek and two segments of the Upper Gila River.

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TMDL Effectiveness and Implementation - Great year given staff turn-over. Current staffing levels have allowed two staff members to devote the majority of their time to these important functions. Implementation plans have been drafted for Tonto Creek (final draft), Alum Gulch, Pinto Creek, and Lakeside Lake. All of these projects have interested stakeholders and remediation efforts are being planned. Boulder Creek remediation efforts have been delayed once again as ADEQ tries to organize the landowners and managers. Remediation efforts in the four target watersheds (Boulder, Turkey, Alum, and Pinto) included in EPA's performance measures are progressing with on-the-ground work beginning in the fall on Turkey and Pinto Creeks. Watershed coordination is ongoing with attendance at approximately 2-3 meetings or workshops each month to educate stakeholders in development. Effectiveness Sampling and Analysis Plans have been drafted for Alum Gulch and Turkey Creek. The Nutrioso Creek effectiveness data review has been completed resulting in the segmenting and proposed delisting of upper Nutrioso Creek for turbidity.

EPA Comments:

The TMDL program made average progress this year despite low production of completed TMDLs in FY06. Both agencies have contributed to resolving the technical issues for Alamo Lake mercury TMDL; nonetheless, it will likely need additional time for public comment prior to final submittal. Turkey Creek metals TMDLs were delivered in September, albeit overdue from FY05. Both agencies acknowledge the Pinto Creek copper TMDLs will be delayed into FY07 because a WQS change is required.

Nutrioso Creek is a success story for TMDLs since the effectiveness data review demonstrated the turbidity WQS was being met. We look forward to ADEQ reports of similar WQ improvements in the four targeted watersheds or other previously impaired waterbodies.

Groundwater Monitoring: - Average year

Field staff was reduced to one employee. Despite the handicap, the groundwater program achieved the following: sampled over 100 wells/springs in Arizona and provided results to the well owners; initiated and completed sampling for the Pinal Active Management Area (AMA); continued sampling in the Agua Fria basin. Additionally, the program published the report, *Ambient Groundwater Quality of the Lake Mohave Basin: A 2003 Baseline Study* (ADEQ OFR 05-08 and FS 05-21), and provided technical assistance to ADEQ Topock Chromium Study.

EPA Comments:

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AZPDES (AZ Pollutant Discharge Elimination System) Permits: Good year

FY06 was the third full year of AZPDES implementation since program approval. The permits program status is as follows:

- During this period 38 AZPDES individual permits were issued, 16 of these were major facilities. 9 of the 38 issued permits were for new discharges.
- The Superstition Mountain permit appeal (begun in FY 2005) was adjudicated by a final decision of the Water Quality Appeals Board. However, the permittee has appealed to the Arizona Superior Court and that appeal is ongoing. Two other permits, the City of Tolleson WWTP and the Town of Prescott Valley WWTP, were appealed. Both of these appeals have been in ongoing negotiations and are close to settlement.
- Nine permits are presently backlogged. Of these, 4 are in public notice or have completed public notice.
- Issuance of the individual permits for Phase I MS4s are still behind schedule, however progress is being made. A draft permit for the City of Phoenix was completed and sent to EPA for review. This draft permit is intended to provide a model for the remaining Phase I MS4 permits.
- ADEQ received stakeholder comments on the draft Multi-Sector Industrial Stormwater General Permit (MSGP). Comments are being evaluated; ADEQ is also awaiting EPA's issuance of the final MSGP permit to incorporate or address any needed changes before a draft permit is noticed.
- ADEQ processed 3,703 NOIs for the Construction GP, and 63 NOIs for the Multi-Sector General Permit.
- 27 SWPPPs were reviewed for construction activities near unique or impaired waters.
- On 3/05/05, ADOT submitted an application for a statewide stormwater permit for all ADOT stormwater discharge activities (Large and small MS4, Construction, and MSGP regulated facilities) pursuant to an ADEQ Consent Order issued 1/31/04. ADEQ is continuing to draft this permit and expects to have a draft for review in Fall 2006.

ADEQ issued 293 authorizations to discharge under the De minimus Discharge General AZPDES permit.

EPA Comments:

Stormwater Program: ADEQ had a good year overall in the implementation of the storm water permit program. A problem area continues to be the reissuance of the Phase I MS4 permits; the workplan had called for reissuance of these permits by December 31, 2005. However, ADEQ did develop a model Phase I permit which was provided to EPA for comment. The fact sheet for the model Phase I permit is currently under development.

We are pleased with the progress in 2006 in reviewing Phase II MS4 SWMPs. So far, 27

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of the 41 SWMPs have either been approved or reviewed with the bulk of this work (22 SWMP reviews) occurring in 2006. We recommend that ADEQ update its website with regards to the status of the review and approval of these SWMPs. ADEQ also continued to process a large number of construction NOIs (3,700) and MSGP NOIs (63). So despite the delays in the reissuance of the Phase I MS4 permits, ADEQ had a good year overall in the implementation of the storm water permit program.

Nonpoint Source Program: - Good year

Most of the effort this year has been in developing TIPs to support the TMDL program which includes nonpoint source issues. The unit continues to work with state and federal land managers and watershed partnerships to address NPS impacts on water quality. The University of Arizona has been contracted to complete Nonpoint Source BMP Guidance Documents in accordance with the FY06 workplan.

EPA Comments:

Stormwater Phase II MS4s – Good year

ADEQ continues the task of review and approval of the Phase II Storm Water Management Plans (SWMPs) for the small MS4s. In FY 2006, 22 SWMP reviews were completed. Most of these reviews required additional correspondence resulting in amendment of the SWMPs to add specificity or more fully conform to the general permit. Of all reviewed SWMPs for the small MS4s, 15 have received final approval and 12 are awaiting submittal of required information.

EPA Comments:

Water Quality Assessment: Good year

The Status of Water Quality in Arizona – 2004, Arizona's Integrated §305(b) and §303(d) Listing Report was re-issued in July 2005 to include EPA revisions to the state's §303(d) list of impaired waters. Tetra Tech and ADEQ staff completed work on Phase I of the Assessment Calculator tool which was used successfully by assessment coordinators for the first time to compile data for the draft 2006 water quality assessment. ADEQ did not complete the 2006 assessment by April 1, 2006 because of the loss of one of two assessment coordinators and continuing problems inputting outside data into the Surface Water Quality Database so it could be used for assessment purposes. The Draft 2006 Assessment and Assessment Methods document is now complete and undergoing management review for approval before initiating public participation process in the Fall of 2006. The Final 2006 Assessment is scheduled for completion by December 31, 2006.

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EPA Comments:

We commend ADEQ for continuing to produce high quality Integrated Reports of WQ assessment. We also appreciate that ADEQ staff entered the underlying information into the Assessment Database (ADB) and submitted this to HQ, who utilizes ADB to track status and progress of each waterbody. ADEQ has also helped Region 9 to clarify the ADB entries (i.e., resolve a few discrepancies) with HQ; thus the 2004 ADB was finalized in FY06.

We note the 2006 assessment decisions will be developed based on methods used in 2002 and 2004, since revisions to the existing IWIR have not been accomplished in FY06. The state appears to be working on the problem of incorporating outside data into their Surface Water Quality Database. For each WQ assessment, Region 9 expects the state to evaluate all available information and data, even if it outside data and cannot be transposed into the state's internal database. We look forward to reviewing the draft 2006 IR and receiving the final 2006 IR in timely fashion.

CWA 401 Certification of CWA 404 Permits, NEPA Document Review & Other Individual Certifications: - Good year

Despite turnover in the 401 liaison position this year, (20) CWA 401 certifications and (13) modifications to certifications were timely issued for individual 404 permits; and certification was issued for one nationwide 404 permit. Additionally, after assuming this position in January 2006, the CWA 401 liaison updated and simplified the 401 certification application to streamline the process and decrease the required number of forms.

EPA Comments:

Watershed Planning: Good year

With ongoing fast paced growth, 208 program staff continues to revise procedures and processes for review of proposed development. New challenges with private utility projects have raised issues concerning authority and responsibility under Clean Water Act mandates. The program is working to develop new procedures that will address the requirements as specified by the Clean Water Act. The CPP update, although dormant at this time, will need to incorporate these new procedures. Discussions ongoing as to whether a new Statewide WQM plan should be developed. The plan could be used as the foundation document for all Designated Planning Agencies so that cost, time and staff resources of the planning agencies can better focus on specific planning goals and water quality issues in their areas. Additionally, our GIS intern

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completed a number of the service and planning area maps for the future database and on-line availability. The maps provide a decision-making tool to assist planners and the development community with access to current information. The position is currently vacant but interviews for a new intern are underway.

EPA Comments:

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Border Strategy:- Great year

The border coordinator has been active with the binational counterparts in executing the border strategy. Accomplishments include: (1) providing assistance to COAPAES in the collection of industrial outfall samples from maquiladoras and building a database framework for analyzing results; (2) Submission and approval of a 2012 grant proposal to characterize potable water supplies in Ambos Nogales; (3) engaging CNA in the development of a new MOU which is necessary to conduct source characterization and water quality monitoring in Nogales, Sonora; (4) continued coordination of quarterly meetings between state and municipal entities in Nogales, AZ in formalizing response actions for dealing with raw sewage in Nogales Wash; (5) support for Border 2012 stakeholders to include review and translation of proposals, coordination of stakeholders in developing workplans for funded projects, and securing donations for unfunded projects. He also continues to provide support to TMDL projects in the transboundary area – namely San Pedro and Santa Cruz watersheds.

EPA Comments:

PLANNING SECTION – Very good year

The Water Quality Planning Section achieved all of its FY 06 goals and objectives. At the same time, the section's workload increased, especially at the end of the year when we coordinated reorganization for the Water Quality Division. The reorganization led to reformatting of the FY 07 workplan. More importantly, for the Planning Section, it provided for incorporating Water Quality Improvement Grants, within the Planning Section. As a result, the section spent the latter months of the fiscal year developing a new working relationship, addressing staff changes and project management issues.

The entire year was focused on fiscal and grant issues as the water programs examined all funding sources and how programs would be impacted by a potential federal rescission. The Division eventually received all of its grant funds, but was reminded of the importance of planning for contingencies.

The section submitted 11 grant applications/amendments for grant funding. We received \$11,119,291.00 in new federal funds. New WIFA funds amounted to \$2,029,505.00. Planning assisted in developing the FY 08 State Budget Request, including budget initiatives for water programs. The section continued to work effectively with Jill Korte, Ephraim Leon-Guerrero, and all EPA project officers involved in coordinating grants for Arizona. This resulted in timely execution of the new grant workplan, amendments, budget changes, strategic measures, and the

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resolution of issues.

EPA Comments:

Water Quality Improvement Grant Program: - Very good year

ADEQ conducted a vibrant grant program in FY 06. The program received 21 grant applications, of which 2 were deemed not eligible, and awarded 13 projects. New awards for cycle 8 grants totaled \$1,644,868.00. In addition, the program awarded funds for educational, outreach, and professional services. The program managed a significant number of ongoing and new projects this year, providing assistance to grantees and managing fiscal accounting. The Grants and Outreach group met its deadlines for entering GRTS data into the federal database. The program also conducted outreach and educational activities, working effectively with our partners, including the Master Watershed Stewardship Program, NEMO, Project WET Children's Water Festivals, and Envirothon. Our NEMO partnership has resulted in increased watershed-based plans and outreach efforts. The Grants and Outreach team continues to conduct education/outreach efforts to increase public awareness of nonpoint source pollution impacts to surface and groundwater.

EPA Comments: